

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of SAN DIEGO GAS & ELECTRIC)
COMPANY (U 902 E) For Authority To)
Update Marginal Costs, Cost Allocation,)
And Electric Rate Design.)
_____)

Application No. 15-04-012
(Filed April 13, 2015)

**SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
UPDATE TO PROPOSED IMPLEMENTATION SCHEDULE –
AMENDED MAY 15, 2017**

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May 15, 2017

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I. INTRODUCTION

Pursuant to Administrative Law Judge (“ALJ”) Cooke’s May 10, 2017 Email Ruling, San Diego Gas & Electric Company (“SDG&E”) respectfully submits this update to its December 21, 2016 Status Report on Implementation Delays (“December 21, 2016 Status Report”). In ALJ Cooke’s ruling, she directed SDG&E “to indicate how SDG&E plans to integrate the Year 1 through 3 rate proposals into the releases of rates planned for December 1, 2017, July 1, 2018, and August 2018.”

In its December 21, 2016 Status Report (at pp. 7-8), SDG&E set forth a proposed schedule for implementing SDG&E’s 2016 General Rate Case (“GRC”) Phase 2 application (A.15-04-012). In particular, SDG&E proposed to implement the 2016 GRC Phase 2 application in three releases, with Release 1 occurring on December 1, 2017, Release 2 occurring on July 1, 2018 and Release 3 occurring on August 1, 2018.

SDG&E’s phased implementation schedule provided in its December 21, 2016 Status Report focused on highlighting key rate design proposals that required system changes, given that these proposals were the primary driver in the new implementation timing and phased release structure. In addition, certain rate design proposals included a multi-year or stepped

transition towards cost based rates (identified as Years 1, 2, and 3 to mark the test year 2016 and attrition years 2017 and 2018) which did not require significant system changes. Given the current status of the proceeding, SDG&E's period in which to implement these transitions has been truncated, as SDG&E is scheduled to file a new GRC Phase 2 application for test year 2019 at the end of this year. Below, SDG&E supplements its implementation schedule to provide greater detail on how these transitional rate proposals fit into the overall phased implementation schedule.

II. DISCUSSION- UPDATED PROPOSED IMPLEMENTATION SCHEDULE

The staged approach below is intended to provide greater detail regarding how SDG&E plans to integrate its 2016 GRC Phase 2 proposals with multi-year transitions (e.g., Year 1 through Year 3) into the implementation releases.

Release 1: December 1, 2017

Includes implementation of the following:

- Revenue Allocation Settlement – SDG&E proposes implementing Year 3 revenue allocations; this will avoid the implementation of Year 2 revenue allocations for a single month before having to implement Year 3 revenue allocations in January 2018.
- Updated sales forecast – SDG&E proposes implementing the Year 3 sales forecast for the same reason as stated for revenue allocations described above.
- Rate Design Proposals
 - Substation Rates – Year 1, 3% increase to substation monthly service fee
 - Med/Large C&I Rates – Change NCD/Peak for distribution demand charges
 - Small Commercial Monthly Service Fee – Year 1 increase
 - Schedule TOU-PA Monthly Service Fee Adder with the Monthly Service Fee increasing by 20% only once on January 1, 2018. The 20% increase excludes the MSF Adders that are used to collect the non-coincident demand revenue requirement for TOU-PA customers \geq 20 kW.
 - Med/Large C&I Monthly Service Fee – Year 1 increase
 - Med/Large C&I and Med/Large Agricultural receiving service under Schedule PA-T-1 Commodity Peak Demand Charge – SDG&E recommends implementing Year 2 increase to 60% recovery of on-

peak generation capacity costs; Year 3 increase to 70% would occur January 1, 2019 rather than Release 2 to avoid summer implementation of the Year 3 increase. For M/L Agricultural receiving service under Schedule TOU-PA, the increase to Commodity Peak Demand Charge to Year 2 30% with Release 1 and Year 3 40% on January 1, 2019.

- Updated TOU periods for standard/default rate schedules for:
 - All existing TOU rate schedules for the Med/Large C&I class;
 - All existing rate schedules for the Residential class;
 - New standard two-period TOU rate schedule for Small Commercial;
 - Schedule PA-T-1, including SDG&E proposal to eliminate PA-T-1 demand options;
 - Event periods for all dynamic pricing rates (Critical Peak Pricing (“CPP”), Smart Pricing Program (“SPP”) and Peak Time Rebate (“PTR”)
 - Updated seasonal definitions for all schedules
- TOU grandfathering consistent with the final decision in the TOU Rulemaking
- Food bank line-item discount
- Schools Settlement (includes line-item discount and fixed indifference payment)
- Demand response trigger language for CPP, SPP and PTR tariffs changed to make the trigger language consistent.

Release 2: July 1, 2018

- Rate Design Proposals
 - Substation Rates – Year 2, 3% increase to substation monthly service fee; Year 3, additional 3% increase would occur January 1, 2019
 - Small Commercial Monthly Service Fee – Year 2 increase; Year 3 increase would occur January 1, 2019
 - Med/Large C&I Monthly Service Fee – Year 2 increase; Year 3 increase would occur January 1, 2019
- Remaining TOU periods updates (schedule TOU-PA two-period; TOU-PA three-period; three-period option for Small Commercial; cost-based options)
- Change in applicability to Small Commercial
- Update to ATOU
- Elimination of legacy rate schedules (A, AY-TOU, AD, PA)
- Move California Solar Initiative and Self-Generation Incentive Program recovery from distribution rates to Public Purpose Program rates
- Transition path leading to the elimination of PTR – Based on the initial timing of SDG&E’s proposal, if approved, the PTR would have been reduced annually and then eliminated at the start of 2018. SDG&E proposes implementing Year 3 (elimination of the PTR program) on January 1, 2019.

- The remaining rate design changes related to streetlighting, excluding new dimmable and ancillary device rates, would occur with Release 2. These include: (1) Elimination of LS-1 400 Watt Mercury Vapor Lights and (2) Close LS-1 Class C Option and Allow Class C Customers to Move to Class B for a One-Time Transition Fee if on Class C for less than 15 years.

Release 3: August 1, 2018

- Dimmable Streetlighting Rate Option
- Ancillary Device Rate Option

III. CONCLUSION

In conclusion, SDG&E respectfully requests that the Commission approve this update to the implementation schedule in this proceeding.

Respectfully submitted,

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